

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

* * * * *

In the Matter of

THE COMPLAINTS OF MR. AND MRS.)
BILLY JO SAUNDERS AND MS. ANNA)
GRAY AGAINST FLEMING-MASON)
RURAL ELECTRIC COOPERATIVE)
CORPORATION)

CASE NO. 7958

O R D E R

On May 20, 1980 the Commission received a letter from Attorney Forrest Roberts, Northeast Kentucky Legal Services, Morehead, Kentucky (Appendix "A") alleging a refusal by Fleming-Mason Rural Electric Cooperative Corporation (Fleming-Mason) to accept partial payments from its consumers. By letter received May 29, 1980 (Appendix "B") Fleming-Mason stated that its policy is to accept partial payments (by written agreement) except in those instances where service has been disconnected for non-payment. By letter received June 17, 1980 (Appendix "C") Attorney Forrest Roberts reiterated that Fleming-Mason does not voluntarily tell customers that it will accept a partial payment and that it makes no affirmative attempt to enter into such agreements.

Mr. Roberts makes reference to clients, Mr. and Mrs. Billy Jo Saunders and Ms. Anna Gray, consumers of Fleming-Mason, and requests a hearing on the issues raised.

The Commission, having considered the correspondence and being advised, hereby ORDERS That this matter be and it hereby is set for hearing on October 6, 1980 at 1:30 p.m., Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky.

IT IS FURTHER ORDERED That Fleming-Mason shall appear at the scheduled hearing and present testimony relative to this matter.

Done at Frankfort, Kentucky, this 9th day of September, 1980.

ENERGY REGULATORY COMMISSION



For the Commission

ATTEST:

Secretary

NORTHEAST KENTUCKY LEGAL SERVICES

P.O. Box 679 • 320 East Main Street
Morehead, Kentucky 40351

606-784-8921

APPENDIX "A"

Forrest Roberts, Director

Ashland Office

Managing Attorney
P.O. Box 1573
3321 Greenup Avenue
Ashland, Kentucky 41101

May 19 1980
RECEIVED

MAY 20 1980

ENERGY REGULATORY
COMMISSION

Richard D. Heman, Jr.
Secretary, Energy Regulatory Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

Dear Mr. Heman:

I am writing concerning the manner in which Fleming-Mason RECC accepts partial payments from its customers. On several occasions I have had clients tender to Fleming-Mason RECC a partial payment, only to be told by the utility company that it would accept only the full amount owed. On each occasion there was no attempt by the utility company to negotiate, consider or even discuss partial payment with the customers.

On one occasion to which I refer, my client offered to pay to Fleming-Mason RECC \$60.00 of a \$75.00 deposit and to pay the remaining \$15.00 in two days. The utility company refused this offer. On another occasion I had a client who owed a \$371.54 electricity bill. The Department for Human Resources offered to pay \$235.00 of this bill in order to have the electrical service restored to my client's house. Both my client and her social worker were told by the Fleming-Mason employee to whom they spoke that the company would restore the electricity only if the full amount was paid.

I have talked to Michael Hazelrigg at Fleming-Mason about his company's refusal to accept partial payments. He has suggested, on two separate occasions, that the partial payments were not accepted from my clients because they had called after closing hours and talked to a night watchman, who did not have the authority to negotiate partial payments. Such a response is

Richard D. Heman, Jr.

Page 2

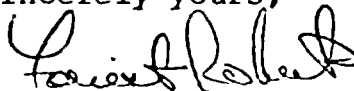
May 19, 1980

ludicrous to the point of being comical. My clients have always called during normal working hours and have talked to Fleming-Mason employees who should have been authorized to accept partial payments, but refused to do so.

Mr. Hazelrigg has informed me that, "Fleming-Mason RECC accepts partial payment", but my experience has shown such payments are accepted only after an attorney contacts Fleming-Mason and reminds Mr. Hazelrigg of his company's obligation under 807 KAR 50:015 §11(2)(b). The regulation clearly states that an employee shall be available during normal working hours to answer questions about a customer's bill and that this employee shall be authorized to negotiate partial payments. Fleming-Mason is not complying with this regulation. I ask the Commission to investigate the policy of Fleming-Mason RECC concerning the acceptance of partial payments. I also ask the Commission to instruct Fleming-Mason RECC to have employees readily available to customers during normal working hours who will negotiate partial payments and to take whatever actions are necessary to insure that these employees inform customers that they may make partial payments and that such payments are negotiated in a reasonable fashion.

Thank you very much.

Sincerely yours,



Forrest Roberts
Attorney at Law

FR/mi

cc: Michael Hazelrigg

FLEMING-MASON
RURAL ELECTRIC COOPERATIVE CORPORATION

APPENDIX "B"

RECEIVED

MAY 29 1980



ENERGY REGULATORY COMMISSION
DIVISION OF ENGINEERING

Huston Delancy, General Manager

P. O. Drawer 328
FLEMINGSBURG, KENTUCKY 41041
Phone (606) 845-2661

RE: May 22, 1980 Letter

John T. Smither, Director
Energy Regulatory Commission
Division of Utility Engineering and Services

Dear Mr. Smither:

Fleming-Mason does and always has accepted partial payments from consumers and complies fully with 807 KAR 50:015 Section 11(2b).

The consumer is given 20 days from mailing of the original bill in which to make payment before a final notice is mailed. The notice (copy enclosed) gives notice that service will be discontinued after at least 10 days if payment is not received. The notice also fully explains the consumers rights concerning protest and partial payments.

The procedure is for cooperative personnel to accept partial payments after a written agreement is signed stating the conditions for payment of the remaining balance. The written agreement is a standard form (copy enclosed) which can be accepted by a minimum of 5 cashiers and billing clerks during normal office hours Monday thru Friday between 7:30 a.m. and 4:30 p.m.

Concerning the examples referred to by Northeast Area Legal Services, the cooperative has not collected deposits since the first part of December and has no knowledge of such refusal or the name of the consumer. The other occasion in question concerned a consumer who had been disconnected for non-payment and service was restored after a phone call was received from personnel at the Department of Human Resources stating that they could pay \$235. The social worker contacted the office to get the total amount due and called back the following day asking if service could be restored for the \$235. As stated earlier, service was restored after the phone call but before the cooperative received any payment and before the written agreement was signed. The consumer made no effort to contact the office until after the service had been disconnected.

The cooperative has between 300 and 500 consumers each month who have not made payment in full 30 days from the date of the bill. All but approximately 100 of these will make partial payments or arrangements to pay before collection day. Personnel will have to make a trip to the remaining 100 who do not contact the office and either collect or disconnect service. Out of the 300 to 500 delinquent consumers the cooperative will have agreements or payments with all of them except approximately 35 consumers who will be disconnected. After the consumer has ignored all bills and notices we still accept partial payments at his request, but we do not suggest them after service is disconnected. The consumer who has ignored all notices and bills and has not contacted the office until service is discontinued has not acted in good faith.

If further information is required please contact the office.

Very truly yours,

Huston Delaney
Huston Delaney, General Manager

RHD/jg

FLEMING MASON RECC

P.O. DRAWER 328
FLEMINGSBURG, KY 41041
PHONE: 606/845-2661



FIRST CLASS MAIL
PAID
PERMIT NO. 7



TO OPEN ENVELOPE TEAR OFF
STUB AND PEEL OFF COVER.

FLEMING MASON RECC

P.O. DRAWER 328
FLEMINGSBURG, KY 41041
PHONE: 606/845-2661

**NOTICE OF SERVICE DISCONNECTION
FOR NON-PAYMENT**

RECONNECTION CHARGE ELECTRIC	WORKING HOURS	AFTER HOURS	ACCOUNT NUMBER	SERVICE DISCONNECT DATE	AMOUNT DUE

At the time this notice was prepared, your payment for electric service had not been received. Perhaps your payment and this notice crossed in the mails. If so, we thank you and ask you to disregard this notice.

However, if you have not paid the AMOUNT DUE on or before the SERVICE DISCONNECT DATE shown above, your service is subject to disconnection after that date. The receipt of your payment will allow us to continue your service without interruption, and you will avoid paying a RECONNECT CHARGE.

If you have any questions about your bill, please contact our business office representative.

SEE NOTICE ON BACK

NOTICE OF TERMINATION OF UTILITY SERVICE

Notice is hereby given that your service will be terminated on the date indicated on the enclosed notice in keeping with our policy for non-payment of your utility bill.

Service will be terminated on the date indicated unless you deliver to this office or to the serviceman sent to terminate your service the total amount of your delinquent bill as shown on the enclosed notice. If you elect to pay the serviceman sent to terminate your service, a service charge as indicated on the enclosed notice will be added to the above bill.

You have the right to protest the discontinuance of this service by contacting the cooperative office at the address or phone number appearing on the enclosed notice. There will be on duty during the published hours of operation an employee to answer your questions regarding your bill or to resolve disputes over the amount of your bill. This employee has the authority to retain your service by negotiating a partial payment plan or by accepting a partial payment where good faith is shown in meeting your financial obligation.

You are further advised that in the event of existing illness or infirmity on your premises, service will not be discontinued within thirty (30) days after the date of this notice, provided that you obtain a certificate signed by a physician, a registered nurse, or a public health official stating that in the opinion of the person making the certification that discontinuance of service will aggravate the existing illness or infirmity.

If you are unable to meet the obligation of this utility bill you may, under certain conditions, receive aid under local, state or federal programs. You may inquire concerning this aid by contacting the local office of the Department of Human Resources, Bureau for Social Insurance (Public Assistance Office). This office is listed in the phone book under "Commonwealth of Kentucky" or "State of Kentucky". You may also phone the Department of Human Resources, Ombudsman, Toll Free 1-800-372-2973.

FLEMING-MASON
RURAL ELECTRIC COOPERATIVE CORPORATION



Huston Delaney, General Manager

P. O. Drawer 328
FLEMINGSBURG, KENTUCKY 41041
Phone (606) 845-2661

This is to certify that _____
(Name)

Acct. No. _____ located at _____

_____ agrees to pay the balance
(Address)

of \$ _____ due as of _____, in
(Amount) (Date)

(Monthly Weekly) installments of \$ _____ along
with the regular monthly electric bill until paid in full.

Signature

Employee

Date _____

NORTHEAST KENTUCKY LEGAL SERVICES

P.O. Box 679 • 320 East Main Street
Morehead, Kentucky 40351

606-784-8921

APPENDIX 'C'

Forrest Roberts, Director

Ashland Office
Victoria L. Block
Managing Attorney
P.O. Box 1573
3321 Greenup Avenue
Ashland, Kentucky 41101

June 13, 1980

RECEIVED

JUN 17 1980

John T. Smither, Director
Division of Utility Engineering and
Services
Energy Regulatory Commission
P. O. Box 614
Frankfort, Kentucky 40602

ENERGY REGULATORY COMM.
DIVISION OF ENGINEERING

Dear Mr. Smither:

I am writing you concerning problems I have with the undated letter to you from Huston Delaney of Fleming-Mason RECC.

In paragraph three of this letter, Mr. Delaney states that Fleming-Mason RECC will accept partial payment after a written agreement is signed by the customer. He fails to state how the customer is informed of this policy or how the partial payment is agreed upon. As I stated in my letter of May 19 to Richard Heman, Fleming-Mason RECC does not voluntarily tell customers that it will accept partial payment and it makes no affirmative attempt to enter into such agreements. Furthermore, I think it most unreasonable for a rural cooperative to accept partial payments only after a written agreement has been signed. Many of Fleming-Mason RECC's customers live long distances from its offices and gasoline is expensive. It would be more in keeping with the spirit of rural electric cooperative corporations and with the requirements of 807 K.A.R. 50:015 for Fleming-Mason RECC to devise a plan whereby partial payments will be accepted without requiring the customer to travel to its office.

In regard to the first part of paragraph four, the customers who were unable to pay their deposits in installments are Mr. and Mrs. Billy Jo Saunders who were told on December 14, 1979, that \$60.00 of the \$75.00 deposit required of them would not be accepted.

John T. Smither
Page Two
June 13, 1980


Mr. Delaney's implications in the second part of paragraph four are simply incorrect. My client, Anna Gray, and her social worker at the Department for Human Resources were both told by the representative of Fleming-Mason RECC to whom they spoke that the company would not restore Ms. Gray's electrical service until payment had been made in full. There was no attempt on the part of the company to tell Ms. Gray or her social worker about the partial payment or to enter into any kind of payment plan. What Mr. Delaney failed to point out is that between the social worker's telephone call and the restoration of service to Ms. Gray, was my telephone call to Michael Hazelrigg. To omit the important fact that service was restored to Ms. Gray only after the company received a call from her attorney is a bit misleading.

I also take issue with Mr. Delaney's statement that "the customer who has ignored all notices and bills and has not contacted the office until services are connected has not acted in good faith." The issue of whether Fleming-Mason RECC is sending correct late notices is not one addressed in my letter of May 19, 1980, but I will bring it before the Commission now that Mr. Delaney has opened the door. I have had several clients, other than those listed above, who have informed me that they have not received late notices that their services would be disconnected. When I have asked Fleming-Mason RECC for proof that the notice was sent, they have been unable to supply it. I find that it is Fleming-Mason RECC that is not acting in good faith and I ask the Commission to investigate the method in which it sends notices to its customers concerning over-due and late payments. ✓

Furthermore, I do not think that Fleming-Mason has adequately responded to the problems I outlined in my informal complaint of May 19, 1980 and I ask that a hearing be held on these issues.

Thank you very much.

Sincerely yours,



Forrest Roberts
Attorney at Law

FR:tat

cc: Huston Delaney